

Annual Report

ACTON WATER DISTRICT

For the year ending December 31, 2021



Warrant Articles for the Annual Meeting

April 13, 2022



Drone view of Lawsbrook Road solar installation.

Commissioners typically meet on the second and fourth Monday of each month, at 7:00 P.M., 693 Massachusetts Avenue, Acton.

Meeting dates/times, agendas, and minutes are posted on our website www.actonwater.com

The public is welcome to attend, please join us!

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The Acton Water District welcomes you to visit our Website at:

www.actonwater.com

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If you would prefer to opt out of receiving certain future mailings by U.S. Postal Service,
please visit our website and click on Go Paperless.**

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COMMONWEALTH OF MASSACHUSETTS
Middlesex, ss.



To the Clerk of the Water Supply District of Acton, GREETINGS:

You are directed to notify the inhabitants of the Town of Acton who are qualified to vote in elections and town affairs, to assemble at their precinct:

**All Precincts voting at Blanchard Auditorium
R.J. Grey Junior High School
16 Charter Road
Acton, Massachusetts**

**On Tuesday, March 29, 2022
Between 7:00 A.M. and 8:00 P.M.**

Then and there to bring their votes on one ballot for the following officers:

Commissioner for three years

You are further directed to notify the legal voters of the Town of Acton, as aforesaid, to assemble at:

**Acton Water District Main Office
693 Massachusetts Avenue
Acton, Massachusetts 01720**

**On Wednesday, April 13, 2022
6:00 PM.**

Then and there to Act on the following Articles:

Article 1. To fix salaries of the elected officials.

Article 2. To act on the reports of the Commissioners, the Treasurer and other officers and committees of the District.

Article 3. To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2022 in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17, or to take any other action relative thereto.

Article 4. To see what sums of money the District will vote to raise and appropriate to defray the usual expenses of the District.

Article 5. To see if the District will vote, pursuant to Massachusetts General Laws c.44, §53E½, to establish a \$100,000 limitation on expenditures from the revolving fund captioned "District Revolving Fund for Mitigation," or to take any other action relative thereto.

Article 6. To see if the District will vote to transfer from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$125,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material or to take any other action relative thereto.

Article 7. To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 to clean and rehabilitate existing wells throughout the District or to take any other action relative thereto.

Article 8. To see if the District will vote to transfer from Surplus Revenue the sum of \$40,000 for the purpose of replacing old water mains, renewing old water services, replacing old fire hydrants or to take any other action relative thereto.

Article 9. To see if the District will vote to transfer from Surplus Revenue the sum of \$30,000 for the purpose of repairing emergency water main breaks or to take any other action relative thereto.

Article 10. To see if the District will vote to transfer from Surplus Revenue the sum of \$130,000 for the replacement of filtration media at the District's water treatment plants or to take any other action relative thereto.

Article 11. To see if the District will vote to transfer from Surplus Revenue the sum of \$100,000 for the management of the North Acton Water Treatment Plant filtration residuals or to take any other action relative thereto.

Article 12. To see if the District will vote to transfer from Surplus Revenue the sum of \$70,000 to engage the District's Engineering Consultant to update the District's Master Plan or to take any other action relative thereto.

Article 13. To see if the District will vote to authorize the Commissioners to enter into an amendment to the District's solar leases located at Knox Trail and Lawsbrook Road in Acton to include therein an additional 5-year option to extend, for a total term of thirty-five (35) years, for use of a ground-mount solar photovoltaic system and associated equipment and materials on land owned by the District or to take any other action relative thereto.

Article 14. To see if the District will vote to transfer from Surplus Revenue the sum of \$500,000 for improvements to the District's water system and water mains in Acton or to take any other action relative thereto.

Article 15. To see if the District will vote to appropriate the sum of \$1,000,000 for the engineering, construction and other costs associated with the watermain improvement and replacement project at Kelly's Corner and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorized to borrow the sum of \$1,000,000 under General Laws, Chapter 44, Sec. 8, or another enabling authority and the Board of Water Commissioners is authorized to take any other action necessary to carry out this project or to take any other action relative thereto.

Article 16. To see if the District will vote to appropriate from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$400,000 for the piloting of filtration technology for the removal of Per- and Polyfluoroalkyl Substances (PFAS) at the District's Central and South Acton Water Treatment Plants or to take any other action relative thereto.

Article 17. To see if the District will vote to appropriate the sum of \$1,000,000 for costs associated with construction of modifications to the permanent infrastructure at the North Acton Treatment Plant to accommodate installation of a temporary PFAS treatment system and that to meet this appropriation, the Treasurer, with the approval of the Water Commissioners, is authorized to borrow the sum of \$1,000,000 under General Laws, Chapter 44, Sec. 8 and/or Chapter 29C of the General Laws, as most recently amended by St. 1998, c.78; and that such bonds or notes shall be general obligations of the District unless the Treasurer with the approval of the Board of Water Commissioners determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C, as most recently amended by St. 1998, c.78; and that the Treasurer with the approval of the Board of Water Commissioners be authorized to borrow all or a portion of such amount from the Massachusetts Clean Water Trust established pursuant to Chapter 29C, as most recently amended by St. 1998, c.78 and in connection therewith to enter into a loan agreement and/or security agreement with the Massachusetts Clean Water Trust and otherwise to contract with the Massachusetts Clean Water Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof and that the Board of Water Commissioners be authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project or to take any other action relative thereto.

Hereof fail not and make due returns of this Warrant with your doings thereon to the Water Commissioners on or before the time of holding of said meeting.

Given under our hand this 24th day of January in the year two thousand and twenty-two.

Barry Rosen
Stephen C. Stuntz
Erika Amir-Lin, Water Commissioners

A true copy. ATTEST:

William T. Stanford
District Clerk

FY 2023 Budget and Estimated Revenue

	Actual FY 21	Budget FY 22	6 month actual	Budget FY 23
EXPENSES				
Audit/Accounting	17,500	19,000	17,800	22,000
Auto Maint & Fuel	46,943	50,000	18,080	52,000
Short Term Debt	508,223	505,000	505,000	326,550
Long Term Debt	1,480,767	1,632,955	590,758	1,922,298
Chemicals	75,000	100,000	31,456	120,000
DEP Withdrawal	5,100	6,000		5,600
Employee Education	11,759	17,500	5,867	17,500
Engineering	54,948	50,000	14,409	50,000
Health/Life Insurance	314,660	286,000	134,338	320,000
Information Reports	29,430	45,000	26,628	45,000
Insurance	86,718	95,000	93,476	110,000
Laboratory Analysis	60,000	80,000	35,311	100,000
Legal	54,060	65,000	20,376	75,000
Lights/Power/Fuel	390,000	390,000	179,384	350,000
Maintenance & Operations	460,239	411,000	171,186	471,000
Middlesex Retirement	256,971	268,502	268,502	293,362
Meters	59,304	75,000	3,047	75,000
Office Supplies	76,361	79,000	35,999	92,000
Reserve Fund		100,000		100,000
Salaries & Wages	1,401,658	1,550,150	756,084	1,677,658
Total	5,389,641	5,825,107	2,907,701	6,224,968
REVENUE				
Water Revenue	2,826,537	2,422,792	1,627,499	2,619,178
Service Fee	528,960	525,360	264,480	528,960
Debt Fee	2,115,840	2,137,955	1,057,920	2,115,840
Total Water Revenue	5,471,337	5,086,107	2,949,899	5,263,978
Fire Protection Sprinklers	40,420	40,000	41,107	40,420
Rent/Lease	149,500	250,000	60,535	446,570
Repairs/Installation	79,353	50,000	24,940	50,000
Cross Connection	21,341	24,000	9,509	24,000
Demand Fees	145,360	300,000	533,300	300,000
Mitigation Fees	25,514	75,000	97,425	100,000
Total Other Revenue	461,488	739,000	766,816	960,990
Total	5,932,825	5,825,107	3,716,715	6,224,968

Report of the Treasurer
Audited Account Balances
June 30, 2021

Santander Bank	144,827
Enterprise Bank	763,393
MMDT	924,460
Century Bank	206,149
Radius Bank	28,926
UniBank	174,640
Total	<u>2,242,395</u>

Report of the Collector
Audited Account Balances
June 30, 2021

Accounts Receivable June 30, 2019	255,131
Charges	5,846,824
Interest Charges	46,821
Refunds	<u>3,865</u>
	6,152,641
Payments	5,933,040
Abatements	35,964
Adjustments	-
Outstanding June 30, 2020	<u>183,637</u>
	6,152,641

Outstanding Debt
June 30, 2021

Description	Original Amount	Interest rate	Date of Issue	Date of Maturity	Balance
Treatment Plant	6,000,000	3.57%	2/15/2009	2/15/2029	2,400,000
Water Mains	2,135,000	2.03%	8/15/2013	8/15/2023	630,000
SA Treatment Plant	13,470,767	2.00%	1/17/2015	1/7/2035	10,018,457

Mitigation Revolving Fund
June 30, 2021

	6/30/20 Balance	Receipts	Expenditures	Balance
Mitigation Revolving Fund	\$ 113,393	\$ 25,513	\$ 100,000	\$ 38,906

Respectfully submitted,
Mary J. Bates
Treasurer/Collector

Report of the Commissioners for 2021

Your Board of Water Commissioners is pleased to present the Acton Water District's (AWD) 2021 Annual Report. Once again, the year presented the district with multiple challenges, including COVID-19, water source development and PFAS. Through the hard work of the entire District staff, the District was able to ameliorate these challenges and make progress on other issues. COVID-19 continued to present a roller coaster ride of uncertainty. Due to COVID-19, the AWD offices remained closed to the public until June 1 and the water commissioners held their meetings virtually. On May 5th the district was able to hold a successful annual meeting in person, in an "outdoor setting," utilizing the open space and social distancing available in the AWD's garages. The district wants to thank the public for their active participation in one of our largest annual meetings to date. We also want to encourage the public to continue attending the commissioners' meetings. Each meeting begins with an opportunity for anyone to speak with the Board of Water Commissioners. The commissioners' meeting schedule is posted on the Acton Water District website (www.actonwater.com).

Like you, the commissioners continue to be concerned about the discovery of PFAS (polyfluoroalkyl substances) in Acton's groundwater. This group of manufactured compounds continues to trouble the community, the AWD and both the state and federal governments. The AWD has been proactive in dealing with this widespread contaminant. The commissioners appointed a PFAS Solutions Working Group, consisting of members of the AWD staff, Town of Acton staff and a water commissioner, to focus on the PFAS issue and propose solutions to address the PFAS problem. This group continues to gather information and make recommendations to the commissioners.

The AWD continues its monthly testing program for the 6 regulated forms of PFAS. The testing results are posted on the AWD website as they become available. If a quarterly average of PFAS testing for a water treatment site exceeds state regulations, the public is notified in accordance with state regulations.

In August, the District created and implemented a program to deal with the needs of PFAS sensitive individuals. These people are defined by the state as medically diagnosed immunocompromised individuals, pregnant or breastfeeding women, and children less than one year old. Under this program, the AWD provides a rebate to one's water bill or a direct payment to assist in the purchase of bottled water for that individual.

The AWD successfully completed a PFAS mitigation pilot study which demonstrated a PFAS solution that the Massachusetts Department of Environmental Protection (MassDEP) approved for implementation at the North Acton Water Treatment Plant. Due to PFAS levels exceeding regulations, this plant has been utilized intermittently. At the Annual Meeting, the commissioners will ask for your approval to fund the mitigation solution at the North Acton Water Treatment Plant and to approve pilot studies at the other water treatment plants in order to understand the treatability of those water sources.

The District approved the spending and contract award on connecting the Assabet Well #3 to the South Acton Water Treatment Plant. This well was previously permitted by MassDEP, but it has not been connected to the South Acton Water Treatment Plant. This well will provide an additional source of water that has tested low in PFAS and will assist in mitigating the overall PFAS content in the South Acton Water Treatment Plant.

The first of the two AWD solar (photovoltaic) systems located on Lawsbrook Road is nearing completion. The construction firm is hopeful that it will be on-line and producing power during the first quarter of 2022. The District will be credited with some of the power produced by this array to satisfy the equivalent electrical use of the District's operations. The rest of the power will be sold to a municipality. Depending upon weather conditions, construction of the second solar installation on Knox Trail

will begin following the completion of Lawsbrook. The AWD expects to utilize all of the power produced by the Knox Trail installation to supply the electrical needs of the South Acton Water Treatment Plant.

Central Acton has seen considerable water district construction activity. The new Central Acton Water Treatment Plant (CAWTP) is nearly completed. This plant is using a media technology new to the District known as Greensand Plus™ to remove the naturally occurring manganese and iron from the water. It is also equipped to remove any VOCs (volatile organic compounds) that could be present. The Conant 1 and 2 wellfields will be treated by this plant which is currently undergoing the testing required to be permitted by the MassDEP prior to being placed into service. The plant is designed to treat 1 million gallons of water per day. Two new deep bedrock wells located adjacent to the treatment plant have been constructed and tested. The CAWTP stands ready to treat the water from these wells once MassDEP permitting of the wells has been completed.

This past summer's wet weather provided some relief to the drought that had plagued our area in 2020. This allowed the District to permit a 1-day per week lawn irrigation program as the AWD continued to closely regulate water consumption due to PFAS levels and the loss of the Conant 2 wellfield during construction of the Central Acton Water Treatment Plant limiting the available water supply. This summer's outlook is unclear.

The District anticipates substantial borrowing to achieve the funding necessary to complete projects that will increase water quality, supply, promote public safety and, allowing the District to maintain a robust, viable water supply that will serve its water takers well into the future. The District Treasurer and our Finance Committee continue to provide the commissioners with options and recommendations for moving forward. Our long-time outside auditor, Maureen Mara has retired from auditing water suppliers. As recommended by our treasurer, the AWD entered a 3-year contract with a new auditor – Powers & Sullivan. The commissioners would like to thank Maureen for the many years of service that she provided to the District. We also thank District staff for their dedication and hard work during these uncertain times and, of course, our rate payers for their support of the Acton Water District.

Respectfully submitted,

Barry Rosen, Chair
Erika Amir-Lin
Stephen Stuntz

Report of the Finance Committee for 2021

This report covers calendar year 2021. Financial dollar amounts are as of the end of the fiscal year, June 30, 2021, unless otherwise stated. The Acton Water District (AWD) is financially healthy now, as confirmed by the Standard and Poor rating of AA+, but there are several risks, as discussed below.

The Finance Committee of AWD operates like the finance committee of most New England towns. We review budgets and rates and offer an opinion on all warrant articles that concern money. The District keeps its accounting records according to rules provided by the state government. The rules are substantially different from the generally accepted accounting principles used in the private sector. The biggest difference is no depreciation; a new water treatment plant is an expense in the year it is paid for, not an investment that will last for decades. The District also records the transaction according to generally accepted accounting principles, publishes both forms in the annual report, and has both forms audited every year.

As of June 30, 2021, AWD had a free cash balance of \$1,157,593, as the state might eventually get around to certifying. Free cash is roughly equivalent to a company's retained earnings. Most capital expenditures approved at District meetings come from free cash. Free cash is kept as bank deposits, as required by state law, rather than being invested.

In 1987 the District received \$2,250,000 from the Grace Company as the result of suing the Grace Company for contaminating the Assabet wells in South Acton. Funds from that settlement were used to install filtration equipment to remove the volatile organic compounds (VOCs) that contaminated the drinking water from this source. The remaining money has been invested. The District has spent \$6,505,131 from the fund for various pollution prevention efforts, and the fund had a balance of \$2,294,331 as of 12/31/2021. The fund is invested conservatively. In 2020, the fund was converted to a stabilization fund and the investments are now more diversified, as allowed by the prudent person rule, and also earn more.

AWD also maintains an OPEB fund to cover Other Post-Employment Benefits, specifically the cost of medical insurance for retired employees. OPEB is an unfunded liability for almost all government entities at the federal, state, and local level. AWD has fully funded it. The money is in an irrevocable trust, meaning it can only be used to pay for retiree's medical insurance. The money in the OPEB fund is invested according to the prudent person rule.

The District's Grace and OPEB funds are managed by Boston Financial under general guidelines from the committee. The main rules are: no derivatives or commodities, no junk bonds, and 40% to 60% allocated to stocks. This costs us 0.25% annually.

The District gets revenue from water bills, hook-up fees, and a few minor sources. Water bill rates are adjusted every few years. An increase of at least 5% will show up in July to reflect the rising cost of supplying the water. The hook-up fees are also increased from time to time to provide an equitable buy in to the system that previous residents paid for. Those fees were last increased in 2015. Since then the District bought the Conant land at 585 Main Street, built the Acton Center Water Treatment Plant, and upgraded the distribution system. New fees became effective for 2022.

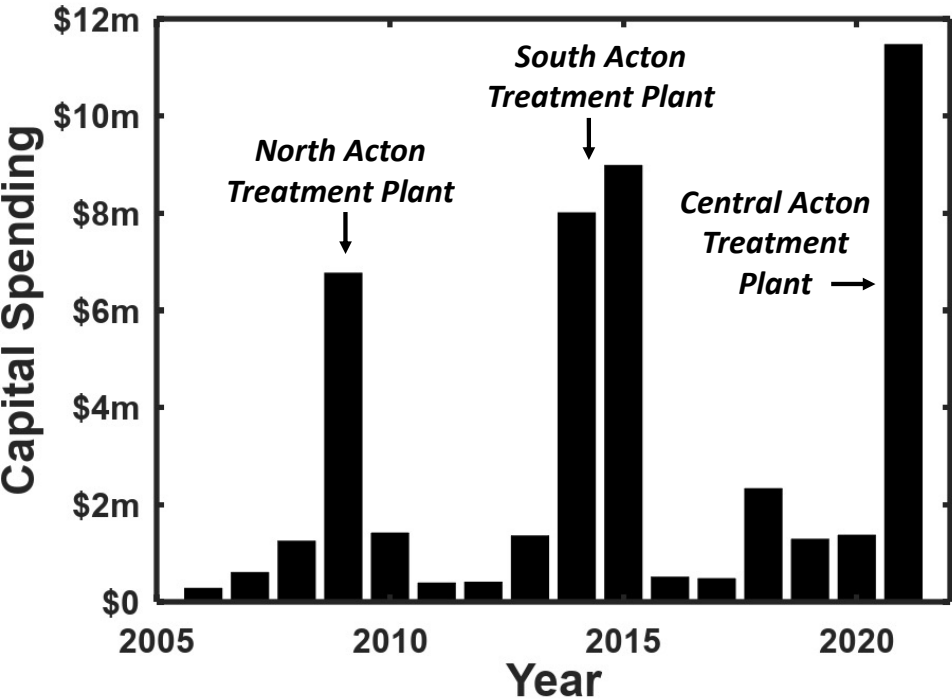
In spite of the general good financial health of the District, there are several financial risks ahead.

The District is required by law to be a part of the Middlesex County Retirement System and to pay premiums into the system in whatever amount that the system administrators decide. Since 2015 that amount has been increasing at an average rate of 11.5% per year, and now is over \$250,000 per

year. The system is substantially underfunded, so eventually there will be a very large increase in what we have to pay. The only uncertainty is when it will happen.

Various contractors have developed ways to extend the useful life of water mains and to replace them at lower cost. The District spends about \$500,000 per year to replace old water mains. The frequency of water main breaks in the District seems to indicate that expense is about the right amount. However, data about the life expectancy of pipes, and the experience of many other systems indicates the expense should be much more. Perhaps the District has just been lucky so far.

From 1990 to 2000 expenses from the general fund increased at an average rate of 0.74% per year. From 2000 to 2020 the average increase was 6.14% per year. Water treatment costs have risen dramatically in the last 20 years in order to comply with increasingly strict water quality standards established by the EPA and the MassDEP. In response to these regulations, the Acton Water District has constructed three state-of-the-art water treatment facilities: the North Acton Treatment Plant, the South Acton Treatment Plant, and the Central Acton Treatment Plant. As indicated in the chart below the cumulative capital costs have thus far exceeded \$45m, and the required maintenance has significantly increased the District's yearly operational expenses. In 2020 a new set of regulations involving the PFAS family of chemicals was imposed by the MassDEP, and for the first time an MCL (maximum contaminant level) has been set in the low parts-per-trillion range. PFAS concentrations of this magnitude are common in rivers, streams, and groundwater throughout the Commonwealth, so it is not surprising that these substances have been detected at low levels in some of Acton's wells. Since the existing treatment facilities were not designed for this type of remediation, the requisite plant modifications may add as much as \$20m to the Water District's long-term debt. Expenses relating to trace contaminant remediation currently represent a very large fraction of the annual budget and are expected to increase even further as more "emerging contaminants" are added to the list of regulated drinking water impurities.



The work of the Finance Committee is made easier and more pleasant by the splendid help and cooperation of the Commissioners and the management and staff of the District. We thank them all.

Respectfully submitted,

Charles Bradley, Chair
William Guthlein
Ronald Parenti

Report of the District Manager for 2021

COVID-19 Pandemic

It is much like Groundhog Day! I recall last year composing my 2020 report, and contemplating the pandemic, and its impacts on us all. Now, here I sit in 2021, composing my report and, again, contemplating the pandemic and its impacts. Much like 2020, 2021 seems like a blur, and I'm hard pressed to recall what transpired, as time has seemingly lost relevance; it is a day-by-day adventure! We are still contending with safety protocols and procedures for staff and customers and we're doing our best to keep everyone safe and healthy. Our office remains open to the public with precautions, but with recent statistical rise in infections, there's no telling for how long that will be. Booster shots have rolled out, but challenges exist in getting one. Like you, we continue to watch the rising number of infections and deaths, onset of variants and continued resistance to vaccines. We'll continue to do our best to keep the public and District employees safe during the ongoing, and seemingly never ending, pandemic.

Central Acton Water Treatment Plant (CAWTP)

Over the course of the last year, the construction project on our latest water treatment plant was completed. Due to some supply chain interruptions, critical components were unavailable for some time, but those challenges were overcome by our contractor, Waterline Industries, although they did delay the schedule by a couple of months. We expect an early 2022 commissioning of the plant, and, thereafter, it will be a critical piece of infrastructure as we strive to maintain the supply of the highest quality drinking water that we can provide. The project is being financed by the Massachusetts State Revolving Fund through the Clean Water Trust, at a price tag of \$12.4 million. This plant will filter naturally occurring iron and manganese, water discoloration nuisance minerals, among other things, from the source waters of the Conant I & Conant II sources located off Main Street and Post Office Square respectively. This new debt will have an impact on the fixed Debt Fee on the quarterly water bill. Customers will see this sometime in 2022. Progress photos and drone videos can be viewed on our website at www.actonwater.com/about-us/cawtp/.

Per- and Polyfluoroalkyl Substances (PFAS)

During the course of 2021, by regulation, we sampled monthly for the six state regulated compounds of PFAS, or PFAS6. Our sources of supply continue to be impacted by these man-made chemicals at varying degrees. The most heavily impacted site continues to be the Kennedy wells that supply the North Acton Water Treatment Plant (NAWTP), an Ultrafiltration (UF) membrane plant. We continue to configure our pumping schemes to maintain concentrations <20 Parts Per Trillion (ppt) for the sum of PFAS6, the regulatory Maximum Contaminant Level (MCL). That has been a sustainably successful strategy at our South Acton Water Treatment Plant (SAWTP), and, in the latter part of 2021, our NAWTP. Unfortunately, this strategy restricts our capacity, and, thus, as an additional conservation strategy, we had to regulate outdoor water use more strictly in the summer. We continue to monitor the impacts of PFAS and will be constructing specific filtration technology for remediation of this group of chemicals over the course of the coming years. We did enroll in a national multi-District legal action through which we may be eligible to recover damages, but in the future. A treasure trove of information and periodic updates can be found on our website at www.actonwater.com/pfas.

American Rescue Plan Act (ARPA)

With the release of federal funds from ARPA to the Town of Acton, whereas the District was unable to directly benefit from these funds, we requested that the Selectboard allocate a portion of the \$7-million that was awarded to the town to remedy PFAS contamination in the wells serving our NAWTP (Kennedy & Marshall wells), where PFAS impacts are the most challenging. I would like to thank the Town Manager and Selectboard for their consideration of our request, and for allocating \$450,000 to assist with remediation of PFAS at this facility. We'll work closely with the town to use these funds for

that which they're intended. The projected permanent filtration system at the NAWTP for this contamination is \$6-million.

Solar energy projects on District land

Needless to say, the process of commissioning a ground-mount Solar Photovoltaic (PV) array on District property off Lawsbrook Road has been lengthy and somewhat frustrating. It has taken patience, and a lot of perseverance and resolve to continue advancing these projects. We were seemingly running into roadblock after roadblock but are extremely committed to getting this done! We are close and should be commissioning the Lawsbrook project in the spring of 2022. We will off-take electricity from this array equivalent to our power needs for all District facilities, except the South Acton Water Treatment Plant which is a planned behind-the-meter supply from our second PV project at 16 Knox Trail, which is to be built consecutive to the Lawsbrook project, with a mid-2022 expected commissioning of that array. We are pleased that we will be satisfying all of our power needs through green renewable energy, while supplementing the District's revenue stream with land lease income that will assist with capital improvements and ongoing maintenance of our facilities lessening the burden on the ratepayers.

Staff transitions and succession planning

In September, 34-year employee, Stephen Peterson, Superintendent, retired. I'd like to congratulate Stephen on a great career with the District in service to our ratepayers and wish him the best of luck in the future. In the spring of 2021, we contracted with Human Resources Service, Inc., to conduct a review and assessment of our employee job descriptions and Employee Policies and Procedures Manual. This project is ongoing, and we anticipate completion in early 2022. We also had some turnover in our Operations staff and made changes to sustain the continuity of operation as, with the addition of now a third treatment plant, has a significant level of complexity, and, thus, requires highly skilled and trained operators.

I am grateful to the Board of Commissioners for their wisdom and guidance, and all elected, appointed officials and volunteers for their dedication to the District and its water takers. Most of all, I'm extremely proud of our staff for maintaining a high level of performance, maintenance of utmost in safety protecting one another and the public in a seemingly endless Pandemic, and tirelessly working to ensure effective, reliable and continuous service in achieving our mission serving our water takers.

Respectfully submitted,

Chris Allen

Report of the Environmental Manager for 2021

Environmental Compliance

Monthly sampling of our sources of supply for Per- and Polyfluoralkyl Substances (PFAS) commenced in January 2021. Ongoing response actions relative to PFAS, including public notice to the community, review of treatment options, and discussion of short- and long-term solutions continued to require significant staff time. The Massachusetts Department of Environmental Protection (MassDEP) continued to work with the District on multiple fronts in 2021, including completing our Sanitary Survey, implementing expanded lead & copper sampling, and renewal of our Water Management Act (WMA) Registration. We completed the drinking water monitoring and notification requirements under the Safe Drinking Water Act. Additional sampling was completed to better improve the quality of your drinking water.

Water Conservation

A one day per week lawn watering restriction was put in place for the 2021 growing season. This was a result of operational limitations caused by PFAS and the ongoing construction of the Central Acton Water Treatment Plant. In 2021, we approved conservation rebates resulting in 27 washing machines, 58 toilets, and 26 bathroom fixtures (faucets and showerheads) being replaced with more water efficient models with our assistance. Customers also received 71 subsidized rain barrels. On July 17th, we participated in a Housing & Climate Change event focused on renters. This resulted in direct public outreach with over 50 participants and resulted in 20 conservation & efficiency resources being deployed in the rental community! The District continued to partner with the WaterSense program and the Alliance for Water Efficiency to provide tools for our customers to make better water use decisions. We received our 7th grant from MassDEP to perform a 3rd party audit of our water use.

Source Water Protection

This was another busy year for source protection activities. I continued my participation on the Acton Open Space Committee and Water Resources Advisory Committee. We continued to participate in the activities at the two Superfund Sites impacting Acton. The new source approval process for two new bedrock wells in Acton Center was completed. This included conducting 3 separate pumping tests in the spring, compiling and interpreting the data, applying for approvals, designing the wells and associated piping, and applying for a new WMA permit. Efforts are underway to acquire the additional land surrounding these wells and receive final approval from MassDEP. As part of this exploration, contamination was identified resulting in a regulatory process that is focused on former research & development facilities along Main Street. The District is working with hydrogeologists and attorneys that specialize in hazardous waste to navigate the water supply and waste site issues for this discovery.

Education and Outreach Programs

The impacts of COVID-19 continued to alter our traditional programs, however, we continued to utilize regularly scheduled Zoom Meetings of the Board of Commissioners to discuss important issues. Two virtual programs were held with the Gates school 5th grade and the high school Environmental Science class. Additionally, we worked with the high school Envirothon team and hosted a small group of students from Minuteman Technical high school for an in-person tour. We were the guest speaker at the Acton Lions Club, filmed an episode of *Acton in Focus*, a program of Acton TV, and hosted State Senator Jamie Eldridge and Representative Dan Sena for a treatment plant tour. Testimony was provided to the Interagency Taskforce on PFAS convened by the Massachusetts Legislature.

Respectfully submitted,

Matthew Mostoller

Report of the M.I.S. Coordinator for 2021

This document summarizes the main achievements of the Management Information Systems Coordinator. I continue to support, program, and implement all mission critical applications.

Software/Hardware/Technology

Much of this year's focus was hardware related as we prepared for the new treatment plant to come online, while also recognizing some needed upgrades to our servers. In 2021 we replaced 2 servers, 5 SCADA nodes and installed communications equipment to support the new treatment plant. Most of this was done in-house to save costs. The security of our network is always and once again our priority, we applied for and awarded a Municipal Cybersecurity Awareness grant in which all staff members utilizing email are required to participate in. We continue to utilize a 3rd party for simulated phishing emails to help our staff be able to identify and understand how destructive a single click on an email link can be.

Did you know that we utilize the ConnectCTY system to contact our customers in an emergency or general outreach? If you have not registered your phone number with this system, we strongly encourage you to visit our website and follow the links to register. The more information you provide us, the more informed we can keep you. Please take the time to review the phone number and email listed on your quarterly bill and update with any needed changes. We also reach out to our customers via Twitter, please follow us @ActonWater.

Cross Connection Control Program

A cross connection is any actual or potential connection between a distribution pipe of potable water supplied by the public water system and any waste pipe, soil pipe, sewer, drain or other unapproved source. If not properly protected or eliminated, a cross connection can cause health problems and spread disease. There are two methods by which contamination can enter the drinking water, backpressure and backsiphonage. Backpressure occurs when the pressure in the property exceeds the drinking water pressure. Backsiphonage occurs when the drinking water pressure drops off and a vacuum pulls the water from a building. The property owner is responsible for the elimination or protection of all cross-connections on his premises. The water district routinely surveys and tests all non-residential properties. Residential owners are required to have backflow protection on their irrigation systems as well as any other possible cross connections. All services are installed with a dual check backflow preventer at the meter.

Meters and Billing

We have continued our partnership with WaterSmart to provide improved customer service, timely leak alerts and paperless billing. To date all older meters have been retrofitted with the newest Orion reading technology transponders. The Orion system detected more than 3,692 potential leaks in 2021, saving customers money and water. To date we have installed 64 Neptune meters, Neptune is replacing the Orion technology, as Orion reaches its end of life.

Respectfully submitted,

Robert Murch

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

WATER SUPPLY DISTRICT OF ACTON

REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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Independent Auditor's Report

Page 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of the Water Supply District of Acton, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Water Supply District of Acton, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management's Discussion and Analysis

As Management of The Water Supply District of Acton, we offer readers of the Water Supply District of Acton's financial statements this narrative overview and analysis of financial activities for the year ended June 30, 2021. The District complies with Governmental Accounting Standards Board (GASB) reporting requirements.

Financial Highlights

The assets and deferred outflows of the Water Supply District of Acton exceeded its liabilities and deferred inflows at the close of the fiscal year by \$26,627,814 (net position). Unrestricted net position at year end is currently a deficit of (\$1,228,646), primarily due to the District having recognized the Net Pension Liability in full as of June 30, 2015.

The total assets of the District are \$53,846,039. Of this amount, \$3,905,194 represents current assets and \$49,940,846 represents non-current assets.

The total liabilities of the District are \$26,857,298. Of this amount, \$11,090,594 represents current liabilities and \$15,766,704 represents long term liabilities.

Total net position of the District is \$26,627,814. This includes \$26,771,663 invested in capital assets, net of related debt, \$946,588 which is restricted for capital projects, \$99,303 which is appropriated for maintenance & operations, \$38,906 restricted for mitigation and (\$1,228,646) which is unrestricted.

The Net Pension Liability is \$3,548,184 as of June 30, 2021. Deferred outflows and inflows of resources as of June 30, 2021 amount to \$200,342 and \$385,576, respectively. The District incurred a current period expense for the unfunded actuarial liability of \$375,578.

The Net OPEB Asset is \$306,069 as of June 30, 2021. Deferred outflows and inflows of resources as of June 30, 2021 amount to \$81,255 and \$256,948 respectively. The District incurred a current period expense for the unfunded actuarial liability of (\$84,607).

Overview of Financial Statements

The Water Supply District of Acton's financial statements are comprised of the following: Government Wide Financial Statement, Fiduciary Fund Financial Statement, Governmental Funds Financial Statement, Reconciliations of the Financial Statements and a Comparison of Actual to Budget. These statements provide different views of the District. One includes assets and liabilities of the District and the other focuses on the governmental funds.

The District adopts an annual appropriated budget for its government wide activities. A budgetary comparison has been included. Actual budgetary revenues for the year were greater than budgeted revenues by \$247,601. Actual budgetary expenditures were less than budgeted expenditures by \$270,117.

The Fiduciary Fund Financial Statements contain revenues and expenses relating to the W.R. Grace Fund, restricted funds which can only be used for expenditures relating to improving water quality, and the OPEB Trust Fund, restricted funds which can only be used to fund the District's OPEB obligations.

Comparison of current year to prior year (Governmental Funds)

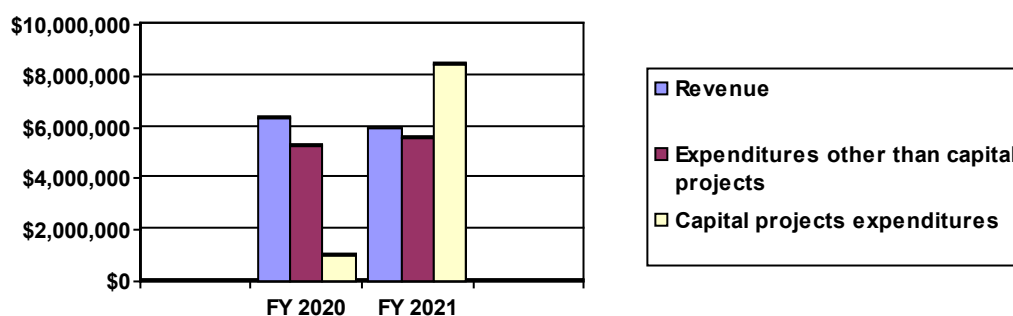
The total revenue for the District was \$5,932,874. Income for the Water Supply District of Acton is generated from water rates, mitigation fees, installation of new services and investment income. Income from water rates, mitigation fees and new services was \$378,793 less than last year. Investment income was \$29,973 less than last year.

Total expenditures for the year amounted to \$14,033,261. This includes the expenditure of \$8,442,922 for capital projects. Expenditures for the current fiscal year increased from the previous fiscal year by \$7,222,355, primarily due to the construction of the Central Acton Water Treatment Plant.

At the close of the fiscal year the Unreserved Fund Balance for the General Fund (Free Cash) was \$1,157,598. This represents a decrease of \$303,299 from the previous fiscal year.

At the close of the fiscal year there was a balance of \$946,588 restricted for capital projects. This represents an increase of \$170,127 from the previous fiscal year.

Below is a graph comparing revenues and expenditures for fiscal years 2020 and 2021.



Capital Assets

The Water Supply District of The District's investment in capital assets as of June 30, 2021 amounts to \$49,634,777 (net of accumulated depreciation). This investment includes land, buildings and improvements, pumping stations and tanks, infrastructure and improvements, machinery and equipment.

Property and equipment are depreciated utilizing the straight line depreciation method and estimated useful life as recommended by the Commonwealth of Massachusetts Department of Revenue Bureau of Accounts. The depreciation expense for this fiscal year was \$1,327,652.

Capital Assets are replaced following a replacement schedule prepared by the District. This schedule is updated every 5 years.

Fiscal Year 2022

The District has appropriated a balanced annual budget for FY 2022 of \$5,825,107. The Central Acton Water Treatment Plant should be placed in service in October 2021. Permanent financing, through the Massachusetts Clean Water Trust, will be in place early in 2022.

The District will be appropriating funds for retiree health insurance from the OPEB Trust Fund, starting this year, as the OPEB liability is fully funded.

WATER SUPPLY DISTRICT OF ACTON				Page 4
Statement of Net Position				
June 30, 2021		<i>Capital</i>	<i>Invested in</i>	
	<i>General</i>	<i>Projects</i>	<i>Capital</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Total</i>
<i>ASSETS</i>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$2,242,395			\$2,242,395
Due to Capital Projects Fund	(946,588)	\$946,588		0
Accounts Receivable	184,183			184,183
Unbilled Accounts Receivable	1,478,616			1,478,616
Total Current Assets	2,958,606	946,588	0	3,905,194
<i>Non Current Assets</i>				
Capital Assets				
Land			\$2,677,848	2,677,848
Depreciable Capital Assets, net			46,956,929	46,956,929
Net OPEB Benefit	306,069			306,069
Total Non Current Assets	306,069	0	49,634,777	49,940,846
Total Assets	3,264,675	946,588	49,634,777	53,846,039
<i>Deferred Outflows of Resources</i>				
Other Post Employment Benefits	81,255			81,255
Pension	200,342			200,342
<i>LIABILITIES</i>				
<i>Current Liabilities</i>				
Notes Payable			8,607,030	8,607,030
Current Portion Long Term Debt			1,129,937	1,129,937
Accounts Payable - CAWTP			1,207,627	1,207,627
Accrued Interest Payable	146,000			146,000
Total Current Liabilities	146,000	0	10,944,594	11,090,594
<i>Non-Current Liabilities</i>				
Long Term Debt, net of current portion			11,918,520	11,918,520
Accrued Compensated Absences	300,000			300,000
Net Pension Liability	3,548,184			3,548,184
Total Non-Current Liabilities	3,848,184			15,766,704
Total Liabilities	3,994,184	0	22,863,114	26,857,298
<i>Deferred Inflows of Resources</i>				
Other Post Employment Benefits	256,948			256,948
Pension	385,576			385,576
<i>NET POSITION</i>				
Unappropriated Net Assets	(1,228,646)			(1,228,646)
Appropriated for Maintenance and Operations	99,303			99,303
Restricted for Mitigation	38,906			38,906
Appropriated for Capital Projects		946,588		946,588
Net Investment in Capital Assets			26,771,663	26,771,663
Total Net Position	(\$1,090,437)	\$946,588	\$26,771,663	\$26,627,814

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON				Page 5
Statement of Activities and Changes in Net Positions		<i>Capital</i>	<i>Invested in</i>	
For the Year Ended June 30, 2021	<i>General</i>	<i>Projects</i>	<i>Capital</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assets</i>	<i>Total</i>
REVENUES				
Water Rates and Services	\$5,885,889			\$5,885,889
Mitigation Fees	25,514			25,514
Interest Income	3,755			3,755
Total Revenues	5,915,157	0	0	5,915,157
EXPENDITURES				
Salaries and Wages	1,412,658			1,412,658
Other Post Employment Benefits Expense	(84,607)			(84,607)
Interest and Fees	356,240		(\$33,571)	322,669
Depreciation Expense			1,327,652	1,327,652
Lights, Power and Fuel	390,000			390,000
Health and Life Insurance	314,660			314,660
Maintenance and Operations	405,697			405,697
Middlesex Retirement	375,578			375,578
Insurance	86,718			86,718
Auto Maintenance and Fuel	46,943			46,943
Chemicals	75,000			75,000
Legal	54,060			54,060
Laboratory Analysis	60,000			60,000
Education	11,759			11,759
Audit	16,000			16,000
Computer Maintenance	16,000			16,000
Information Reports	29,430			29,430
Office Supplies	20,000			20,000
Paving	50,000			50,000
Engineering	31,460			31,460
Postage	19,961			19,961
Telephone	20,000			20,000
D.E.P. Withdrawal and Fees	5,100			5,100
Petty Cash	400			400
Hydrants	9,971			9,971
Backflow/Cross Connection	291			291
Accounting	1,500			1,500
Total Expenditures	3,724,820	0	1,294,081	5,018,901
REVENUES OVER (UNDER) EXPENDITURES	2,190,337	0	(1,294,081)	896,256
Capital Project Payments Made		(8,442,922)	8,442,922	0
Net Transfers Unrestricted to Capital Projects	(721,018)	721,018		0
Bonds Repaid	(1,606,750)	0	1,606,750	0
Bond Proceeds Received		7,892,030	(7,892,030)	0
General & Mitigation Fund Exp Capitalized	(277,769)		277,769	0
Grace Fund Expenditures Capitalized			205,084	205,084
Net Change in Fund Balances	(415,200)	170,126	1,346,414	1,101,340
Net Position - Beginning of Year	(675,237)	776,462	25,425,249	25,526,473
Net Position - End of Year	(\$1,090,437)	\$946,588	\$26,771,663	\$26,627,813

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON			Page 6
Governmental Funds - Balance Sheet			
June 30, 2021			
		<i>Capital</i>	<i>Total</i>
	<i>General</i>	<i>Projects</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>ASSETS</i>			
Cash and Cash Equivalents	\$2,242,395		\$2,242,395
Accounts Receivable	184,183		184,183
Less Reserve for Uncollectible	(184,183)		(184,183)
Due to Capital Projects Fund	(946,588)	\$946,588	0
Total Assets	\$1,295,807	\$946,588	\$2,242,395
<i>LIABILITIES AND FUND BALANCES</i>			
<i>LIABILITIES</i>			
<i>FUND BALANCES</i>			
Unappropriated Fund Balance (Free Cash)	\$1,157,598		\$1,157,598
Appropriated for Maintenance and Operations	99,303		\$99,303
Restricted for Mitigation	38,906		38,906
Appropriated for Capital Projects		\$946,588	946,588
Total Fund Balances	1,295,807	946,588	2,242,395
Total Liabilities and Fund Balances	\$1,295,807	\$946,588	\$2,242,395

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON			Page 7
Governmental Funds - Statement of Revenues, Expenditures and			
Changes in Fund Balances		<i>Capital</i>	<i>Total</i>
For the Year Ended June 30, 2021	<i>General</i>	<i>Projects</i>	<i>Governmental</i>
	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>
<i>REVENUES</i>			
Water Rates and Services	\$5,903,606		\$5,903,606
Mitigation Fees	25,514		25,514
Interest Income	3,755		3,755
Total Revenues	5,932,874	0	5,932,874
<i>EXPENDITURES</i>			
Salaries and Wages	1,401,658		1,401,658
Capital Project Payments Made		\$8,442,922	8,442,922
Bonds Interest and Fees	1,988,990		1,988,990
Lights, Power and Fuel	390,000		390,000
Health and Life Insurance	314,660		314,660
Maintenance and Operations	500,674		500,674
Middlesex Retirement	256,971		256,971
Meters	59,304		59,304
Insurance	86,718		86,718
Chemicals	75,000		75,000
Auto Maintenance and Fuel	46,943		46,943
Legal	54,060		54,060
Laboratory Analysis	60,000		60,000
Information Reports	29,430		29,430
Office Supplies	20,000		20,000
Audit	16,000		16,000
Education	11,759		11,759
Paving	50,000		50,000
Engineering	54,948		54,948
Postage	19,961		19,961
Telephone	20,000		20,000
D.E.P. Withdrawal and Fees	5,100		5,100
Computer Maintenance	16,000		16,000
Hydrants	9,971		9,971
Accounting	1,500		1,500
Petty Cash	400		400
Backflow/Cross Connection	291		291
Mitigation Revolving Fund Expense	100,000		100,000
Total Expenditures	5,590,339	8,442,922	14,033,261
<i>REVENUES OVER (UNDER) EXPENDITURES</i>	342,535	(8,442,922)	(8,100,387)
<i>OTHER FINANCING SOURCES (USES)</i>			
Transfers from General Fund to Capital Projects	(721,018)	721,018	0
Bond Proceeds Received		7,892,030	7,892,030
Net Change in Fund Balances	(378,483)	170,126	(208,357)
Fund Balances - Beginning of Year	1,674,290	776,462	2,450,752
Fund Balances - End of Year	\$1,295,807	\$946,588	\$2,242,395

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON	Page 8
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position- June 30, 2021	
Total Governmental Fund Balances	\$2,242,395
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	49,634,777
The Statement of Activities accrues accounts receivable on billed and unbilled water pumped, whereas in the governmental funds, revenue is not reported until collected.	
Accounts Receivable	184,183
Unbilled Accounts Receivable	1,478,616
Net OPEB Benefit	306,069
The Statement of Activities includes accounts payable and debts, whereas in governmental funds these are not reported until paid.	
Accrued Compensated Absences	(300,000)
Accrued Interest Payable	(146,000)
Current Portion Long Term Debt	(1,129,937)
Notes Payable	(8,607,030)
Long Term Debt	(11,918,520)
Accounts Payable CAWTP	(1,207,627)
Net Pension Liability	(3,548,184)
Deferred Outflows - OPEB and Pension	281,597
Deferred Inflows - OPEB and Pension	(642,524)
Net Position of Governmental Activities	\$26,627,815
WATER SUPPLY DISTRICT OF ACTON	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021	
Net Change in Fund Balances - Total Governmental Funds	(\$208,357)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost is allocated over the estimated useful lives and is depreciated.	
Capital Project Payments Made	8,442,922
Bond Principal Received	(7,892,030)
Expenditures Capitalized	277,769
Grace Expenditures Capitalized	205,084
Bond Principal Repayment	1,606,750
Depreciation Expense	(1,327,652)
Some revenue/expenses reported in the Statement of Activities do not provide (use) current financial resources and therefore are not reported as revenue or expense in the governmental funds.	
Water Revenue Accrual Decrease	(17,719)
Difference Cash versus Accrual Retirement Expense	(118,607)
Difference Cash versus Accrual OPEB Expense	84,607
Bond Premium Amortization and Interest Expense	59,571
Compensated Absences Reported as Salaries and Wages	(11,000)
Change in Net Position of Governmental Activities	\$1,101,338

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON			Page 9
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021			
			<i>Variance</i>
			<i>Positive</i>
	<i>Budget</i>	<i>Actual</i>	<i>(Negative)</i>
REVENUES			
Water Rates and Services	\$5,659,759	\$5,903,606	\$243,847
Interest Income	0	3,755	3,755
Total Revenues	5,659,759	5,907,360	247,601
EXPENDITURES			
Salaries and Wages	1,505,000	1,401,658	103,342
Bonds, Interest and Fees	1,990,908	1,988,990	1,918
Lights, Power and Fuel	390,000	390,000	0
Health and Life Insurance	412,880	314,660	98,220
Maintenance and Operations	335,000	399,977	(64,977)
Middlesex Retirement	256,971	256,971	0
Insurance	89,000	86,718	2,282
Chemicals	75,000	75,000	0
Reserve Fund	100,000	0	100,000
Laboratory Analysis	60,000	60,000	0
Auto Maintenance and Fuel	50,000	46,943	3,057
Information Reports	45,000	29,430	15,570
Telephone	20,000	20,000	0
Legal	40,000	54,060	(14,060)
Computer Maintenance	16,000	16,000	0
Office Supplies	20,000	20,000	0
Education	17,500	11,759	5,741
Audit	16,000	16,000	0
Paving	50,000	50,000	0
Engineering	55,000	54,948	52
Hydrants	10,000	9,971	29
Postage	20,000	19,961	39
D.E.P. Withdrawal and Fees	6,500	5,100	1,400
Cross Connection	1,000	291	709
Accounting	2,000	1,500	500
Meters	75,000	59,304	15,696
Petty Cash	1,000	400	600
Total Expenditures	5,659,759	5,389,642	270,117
REVENUES OVER (UNDER) EXPENDITURES	0	517,718	517,718
OTHER FINANCING SOURCES (USES)			
Transfers to Capital Projects Fund		(721,018)	(721,018)
Transfer to Residuals M&O Fund		(100,000)	(100,000)
Net Change in Fund Balance	0	(303,300)	(303,300)
Budgetary Fund Balance (Free Cash) - Beginning of Year	1,460,897	1,460,897	0
Budgetary Fund Balance (Free Cash) - End of Year	\$1,460,897	\$1,157,597	(\$303,300)

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON		Page 10
Statement of Fiduciary Net Position		
June 30, 2021		<i>Other Post</i>
	<i>W R Grace</i>	<i>Employment</i>
	<i>Fund</i>	<i>Benefits Fund</i>
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$40,565	
Investments	2,281,249	\$1,460,426
Total Assets	\$2,321,814	\$1,460,426
LIABILITIES		
NET POSITION		
Restricted for W.R Grace Activity	\$1,306,758	
Appropriated for Maintenance and Operations	15,056	
Appropriated for Grace III	1,000,000	
Held in Trust for Other Post Employment Benefits		\$1,460,426
Total Net Position	\$2,321,814	\$1,460,426
WATER SUPPLY DISTRICT OF ACTON		
Statement of Changes in Fiduciary Net Position		
For the Year Ended June 30, 2021		<i>Other Post</i>
	<i>W R Grace</i>	<i>Employment</i>
	<i>Fund</i>	<i>Benefits Fund</i>
ADDITIONS		
Dividend and Interest Income	\$50,582	\$25,963
Net Change in Fair Value of Investments	310,912	228,998
Total Additions	361,494	254,961
DEDUCTIONS		
Investment Management Fees	11,756	7,190
Maintenance and Operations	29,860	
Expenditures Capitalized on Statement of Net Position	205,084	
Total Deductions	246,700	7,190
Change in Net Position	114,794	247,771
Net Position - Beginning of Year	2,207,021	1,212,655
Net Position - End of Year	\$2,321,814	\$1,460,426

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Water Supply District of Acton (the District) is a municipality incorporated in the Commonwealth of Massachusetts with the purpose of providing water and related services to the residents and businesses of Acton. The District is a separate municipality, distinct from the Town of Acton. There are no component units included within the reporting entity. The basic operations of the District are financed by water rate and services charges. The District's financial statements include the accounts of all District operations. Inhabitants of the Town of Acton who are qualified to vote in elections and town affairs are eligible to vote on matters concerning the District and to act on articles of the District.

Summary of Significant Accounting Policies - The following significant accounting policies were applied in the preparation of the accompanying financial statements:

Basis of Accounting and Presentation - The District reports its financial statements in accordance with both the Governmental Accounting Standards Board requirements (accrual basis) and with its budgetary reporting (cash basis). The financial statements include reconciliations that identify the differences between the accrual basis and cash basis financial statements.

The two reporting standards are briefly described here.

GOVERNMENT WIDE FINANCIAL STATEMENTS - This financial model includes the presentation of Management's Discussion and Analysis as well as Government Wide financial statements that are prepared on the accrual method of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when payments are either received or made. The accrual basis financial statements report capital assets and the related depreciation expense and accumulated depreciation. All liabilities are reported, including compensated absences, short and long term debt, net pension liability and other post-employment benefits liability. The net positions of the District are reported in three components: General Fund, Appropriated for Capital Projects, and Invested in Capital Assets Net of Related Debt.

GOVERNMENTAL FUNDS – This financial model presents the District's governmental funds. Under this method, revenues are recorded when received and expenditures are recorded when they are paid. Accounts receivable are fully reserved until they are collected and recorded as income.

Capital assets and infrastructure are not recorded in the governmental funds. Funds used to acquire capital assets are accounted for as expenditures in the Capital Projects Fund in the fiscal year payment is made. Appropriation balances of capital projects are carried forward in the Capital Projects Fund until completion of the project or until unexpended balances are transferred to the General Fund by approval of the Annual Meeting. The fund balances of the District are reported in two components: General Fund and the Capital Projects Fund.

Budgets and Budgetary Accounting - The District's annual budget is a legally adopted budget that is approved at the District's Annual Meeting. Appropriations for the Capital Projects Fund, the W.R. Grace Fiduciary Fund and other appropriations are also approved at the Annual Meeting. Any budget overrides or additional appropriations must be approved at a specially called District Meeting.

Capital Assets - Capital assets, which include land, infrastructure, buildings, vehicles, machinery and equipment, are reported in the Government Wide financial statements at historical cost or estimated historical cost. Depreciation is provided using the straight-line method over the estimated useful lives recommended by the Massachusetts Department of Revenue, Division of Local Services, Bureau of Accounts.

Compensated Absences - The District has a policy of buying back 50% of a retiring employee's unused sick time, up to a maximum of 85 days sick time.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 1 – GENERAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES - continued

District Funds - The District categorizes its funds into governmental and fiduciary funds.

The following *government wide* and *governmental funds* are reported:

Unappropriated Net Assets (accrual basis) and Fund Balance/Free Cash (cash basis) - This primary operating fund is used for financial resources other than those that are required to be accounted for in another fund.

Appropriated for Maintenance and Operations - This fund reports the net assets that were appropriated for Maintenance and Operations expense, less amounts spent for this activity.

Restricted for Mitigation - This is a revolving fund that reports the net assets collected from new service installations for mitigating costs incurred to comply with the District's Water Management Act Permit renewals. Expenditures from the Mitigation fund are limited to \$100,000 per year.

Appropriated for Capital Projects - This fund reports the activity for the appropriations and spending for construction projects or for acquiring assets.

Net Investment in Capital Assets - This fund reports the historical cost of fixed assets less accumulated depreciation.

The following *fiduciary funds* are reported:

W.R. Grace Fund - This fund is to maintain the purity of the District's water sources upon approval of District meeting. This fund was established with proceeds from the W.R. Grace lawsuit settlement. The fund was converted to a stabilization fund at the June 2020 Annual Meeting to enable its investments to be managed under the prudent person laws.

Other Post Employment Benefits (OPEB) Fund - This fund is an irrevocable trust fund established by the District in 2011 pursuant to Massachusetts General Laws. The fund can only be used to fund the District's OPEB obligations.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity date of less than one year to be cash equivalents. The District maintains a portion of its cash in the Massachusetts Municipal Depository Trust's Cash Portfolio, an investment account that offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity. The account is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The District has not experienced any loss in the account, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - INVESTMENTS

The District's investments are managed pursuant to Massachusetts General Laws by Boston Financial Management with the guideline that there is low risk to principal while providing a continuing revenue stream. The investments are carried at fair value. As of June 30, 2021, the District had the following investments:

Description	W.R. Grace Fiduciary Fund	OPEB Trust Fiduciary Fund
Cash and equivalents	\$136,612	\$30,240
Bonds (corporate & government)	1,006,533	553,139
Equities	752,274	631,399
Exchange Traded Funds and Other	385,821	245,648
Total	\$2,281,249	\$1,460,426

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES

As of June 30, 2021, the General Fund owed \$946,588 to the Capital Projects Fund.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 5 - RETIREMENT PLANS

Substantially all employees of the District are members of the Middlesex Retirement System. The retirement system is funded by both employer and employee contributions. The District's annual contributions to the retirement system are calculated to pay current normal cost as well as unfunded actuarially calculated liabilities from prior years. In addition, employees contribute 5 to 11% of their base pay depending on when they entered the system. The District's contributions for the year ended June 30, 2021 were \$256,971.

The District has a voluntary Section 457 retirement plan. Employees may make pre-tax contributions up to the amount allowed by the Internal Revenue Code, and the District matches contributions up to 3% of the participating employee's base salary. District match contributions for the year ended June 30, 2021 were \$32,546 which is included in Salaries and Wages.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2021 consisted of the following:

Description	Balance 6/30/20	Additions	Disposals	Balance 6/30/21
Land	\$2,673,725	\$4,125		\$2,677,850
Infrastructure	57,410,157	337,209		57,747,366
Buildings	1,191,763	0		1,191,763
Vehicles	674,675	99,535		774,210
Machinery & Equipment	3,017,545	75,001		3,092,546
Projects in Process	920,001	9,617,534		10,537,535
Total at Historical Cost	65,887,866	10,133,404		76,021,270
Less Accumulated Depreciation	25,058,839	1,327,652		26,386,493
Capital Assets, Net	\$40,829,027			\$49,634,777

NOTE 7 – NOTES PAYABLE

The District has utilized short term debt to finance the construction projects and land acquisition listed below. The following is a summary of the changes in Notes Payable for the year ended June 30, 2021:

Description	Interest Rate	Due Date	Balance 6/30/20	(Retired or Refinanced)	Additions	Balance 6/30/21
585 Main Street Land	1.9%	9/25/20	\$800,000	(\$800,000)		\$0
CAWTP Engineering	1.9%	9/25/20	400,000	(400,000)		0
Unibank BAN	0.65%	9/24/21	0		\$715,000	715,000
Mass Clean Water Trust	0.00%	not specified	0		7,892,030	7,892,030
Total Notes Payable			\$1,200,000	(\$1,200,000)	\$8,607,030	\$8,607,030

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 8 – BONDS PAYABLE

The District has general obligation bonds to finance the construction of the North Acton Water Treatment Plant, the South Acton Water Treatment Plant and water mains and land purchased. The following is a summary of the changes in Bonds Payable for the year ended June 30, 2021:

Description	Interest Rate	Issue Date	Due Date	Balance 6/30/20	(Paid Down) (or Amortized)	Balance 6/30/21
North Acton WTP	2.0% - 4.3%	2/15/09	2/15/29	\$2,700,000	(\$300,000)	\$2,400,000
South Acton WTP & land	2.0% - 3.0%	8/15/13	8/15/23	845,000	(215,000)	630,000
South Acton WTP	2.0%	1/7/15	1/7/35	10,625,207	(606,750)	10,018,457
Bond Premium		8/15/13	8/15/23	33,571	(33,571)	0
Total Bonds Payable				\$14,203,778	(\$1,155,321)	\$13,048,457

The annual debt service requirements for Bonds Payable outstanding at June 30, 2021 are as follows:

Fiscal Years	Principal	Interest	Total
2022	\$1,129,937	\$329,097	\$1,459,034
2023	1,143,411	298,368	1,441,779
2024	1,157,177	266,450	1,423,627
2025	961,243	237,386	1,198,629
2026	975,614	210,869	1,186,483
2027-2031	4,504,810	654,091	5,158,901
2032-2035	3,176,265	172,559	3,348,824
Total	\$13,048,457	\$2,168,820	\$15,217,277

Principal of \$1,606,750 plus interest and fees of \$382,240 for a total of \$1,988,990 is reported as Bonds, Interest and Fees on the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended June 30, 2021. Interest and Fees of \$356,240 less amortization of bond premium of \$33,571 for a total of \$322,669 is reported on the Statement of Activities to reflect the accrual basis calculation of interest incurred during the year ended June 30, 2021, regardless of when the actual interest payments were made by the District.

The District has \$9,242,000 and \$3,150,000 in authorized Bonds Payable. The bonds were authorized at the March 20, 2020 Annual Meeting and the June 8, 2020 Special Meeting, respectively, for the construction of the Central Acton Water Treatment Plant. As of June 30, 2021, the District has borrowed \$7,892,030 in short term notes for construction financing. The District intends to borrow the remaining authorized debt for continuing construction work and refinance all of the short term notes into long term Bonds Payable in fiscal year 2022.

NOTE 9 – COMMITMENTS & CONTINGENCIES

The District has ongoing commitments for the construction of capital projects, many of which are for water main construction or repair. In 2019 and 2020 the District approved borrowings of \$9,242,000 and \$3,150,000, respectively, for the construction of the Central Acton Water Treatment Plant. The District has authorized the treasurer to borrow these sums to finance the construction. The District continues to be engaged in legal and environmental negotiations with the Massachusetts Department of Environmental Protection and the Federal Environmental Protection Agency regarding the Superfund cleanup projects. These efforts are intended to protect the Assabet well field. The District is also conducting vigorous research into the extent of and remediation of PFAS contamination in the water supply.

The District joined a class action lawsuit by retaining a law firm to prosecute any legal claim for negligence against any and all parties, individuals and/or corporations that are found to be liable under the law for injuries and/or property damages arising from the contamination of water supplies by Per- and Poly- fluoroalkyl substances (PFAS) and 1,4 – Dioxane.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 10 – PENSION PLAN

Plan Description – The District contributes to the Middlesex County Retirement System (“the System”), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board (“the Board”). Substantially all employees are members of the System. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Commonwealth of Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issued an Accounting Valuation for the year ended December 31, 2020. That report may be obtained by contacting the System at 25 Linnell Circle, Billerica, MA 01821.

Funding Policy – Plan members are required to contribute to the System at rates ranging from 5% to 11% of gross regular compensation. The District is required to pay into the System its share of the system-wide actuarially determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the District are governed by Chapter 32 of the Commonwealth of Massachusetts General Laws. The District’s contribution to the System for the year ended June 30, 2021 was \$256,971, which equaled its required contribution.

At June 30, 2021, the District reported a liability of \$3,548,184 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020, the District’s proportionate share was 0.231742%, which decreased from its 0.233284% proportion measured at December 31, 2019.

For the year ended June 30, 2021, the District recognized a pension expense of \$375,578. At June 30, 2021, the District reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows – difference between expected and actual experience	\$64,895
Deferred Outflows – changes of assumptions	135,447
Deferred Inflows – difference between expected and actual experience	(4,199)
Deferred Inflows – difference between projected and actual investment earnings on pension plan investments	(201,141)
Deferred Inflows – changes in proportion and differences between employer contributions and proportionate share of contributions	(180,239)
Net Deferred Outflows and Inflows of Resources	(\$185,237)

The deferred outflows/inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	
2022	(\$33,703)
2023	(23,442)
2024	(77,989)
2025	(50,103)
Total	(\$185,237)

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 10 – PENSION PLAN– continued

Actuarial Assumptions – The total pension liability as of December 31, 2020 was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions:

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Prior year's total contribution increased by 6.5% for fiscal 2021 through fiscal 2027, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; Early Retirement Incentive (ERI) liability amortized in level payments.
Remaining amortization period	17 years from July 1, 2018 for non-ERI liability; 1 year from July 1, 2018 for 2002 ERI, 2 years from July 1, 2018 for 2003 ERI, and 4 years from July 1, 2018 for 2010 ERI.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation rate	3.25%
Projected salary increases	Varies by length of service with ultimate rate of 4.00% for Group 1
Cost of living adjustments	3.00% of first \$16,000 of retirement income, as of July 1, 2019
Mortality rate pre-retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017
Mortality rate healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
Mortality rate disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017
Investment rate of return/ Discount rate	7.30%, net of pension plan investment expense, including inflation

Investment policy – The pension plan's policy in regard to the allocation of invested assets is established by Pension Reserve Investment Trust. Plan assets are managed on a total return basis with long-term objective of achieving a fully funded status for the benefits provided through the pension plan. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2021 are summarized in the following table:

Asset Class	Long Term Expected Asset Allocation	Long Term Expected Real Rate of Return
Domestic equity	22.00%	6.28%
International developed markets equity	12.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.97%
Real estate	10.00%	3.50%
Timber	4.00%	3.45%
Hedge fund, GTAA, risk parity	10.00%	2.35%
Private equity	14.00%	10.11%
	100.00%	

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 10 – PENSION PLAN– continued

Discount rate – The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contributions rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability as of December 31, 2020, calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.30%) or 1% higher (8.30%) than the current rate:

	1% Decrease to 6.30%	Current Discount 7.30%	1% Increase to 8.30%
The District's share of the net pension liability	\$4,421,419	\$3,548,184	\$2,813,514

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Middlesex County Retirement System financial report.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. All the following OPEB disclosures are based on a measurement date of June 30, 2021.

A. General Information about the OPEB Plan

Plan Description – The District administers a defined benefit healthcare plan through the Massachusetts Interlocal Insurance Association (MIIA) that provides lifetime healthcare insurance for eligible retirees and their spouses. Massachusetts General Laws Chapter 32B assigns authority for the District to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

Benefits Provided – The District provides medical, prescription drug, dental and life insurance benefits to retirees and their covered dependents. All active employees who retire from the District and meet the eligibility criteria will receive these benefits. The District contributes 80 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 20 percent of their premium costs.

Plan Membership – At the June 2021 measurement date, the following employees were considered to be covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	15
Total participants	26

B. Investments – The OPEB trust fund assets consist of an asset portfolio invested under the prudent investor management policy approved by the Commonwealth of Massachusetts.

Rate of return – For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 15.38%.

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS - continued

C. Actuarial Assumptions and Other Inputs – The net OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Salary increases	4.00%
Investment rate of return	7.0%
Healthcare cost trend rates	5.5% for HMO and PPO Plan, Pre-Medicare and 3.5% for Medicare Supplement Plan; 2% for Dental Plan. Ultimate Health Care Cost Trend Rate of 4.5% reached in fiscal year 2035.
Retirees' share of benefit-related costs	Range of 12% to 20%
Mortality rates	Determined pursuant to PubS.H-2010 Mortality Table - General

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table.

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Money Market Funds	4%	2.0%
Fixed Income	37%	6.0%
Equities	40%	8.0%
Exchange Traded Funds	16%	8.0%
Other Assets	3%	6.0%
Total	100.00%	

D. Discount Rate – The discount rate used to measure the net OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

E. Net OPEB Liability – The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$1,154,355
Plan fiduciary net position	1,460,425
Net OPEB liability (asset)	(\$306,069)
Plan fiduciary net position as a % of the total OPEB liability	126.51%

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS - continued

F. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances beginning of year June 30, 2020	\$1,110,971	\$1,212,655	(\$101,684)
Changes for the year:			
Service cost	24,147		24,147
Interest on total OPEB liability	75,789		75,789
Contributions – employer			
Net investment income		254,957	(254,957)
Differences between expected and actual experience		161,339	(161,339)
Changes of assumptions and other inputs			
Benefit payments	(56,551)		(56,551)
Administrative expenses		(7,188)	7,188
Other changes		(161,339)	161,339
Net changes	43,384	247,769	(204,385)
Balances end of year June 30, 2021	\$1,154,355	1,460,425	(\$306,069)

Note: The mortality assumption was changed from the RP-2014-Combined Annuitant Mortality Table for males and females to the Pubs.H-2010 Mortality Table-General.

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point higher or one percentage-point lower than the current discount rate:

	1% Increase to 8.0%	Current Discount Rate 7.0%	1% Decrease to 6.0%
Net OPEB liability (asset)	(\$419,306)	(\$306,069)	(\$171,714)

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates –The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are one percentage-point higher or one percentage-point lower than the current healthcare cost trend rates:

	1% Increase	Current Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	(\$150,627)	(\$306,069)	(\$434,496)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –For the year ended June 30, 2021, the District recognized a net OPEB (negative) expense of (\$84,607). At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources described below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$13,148	\$51,883
Changes of assumptions and other inputs	55,886	70,586
Difference between projected and actual OPEB investment earnings	12,221	134,479
Totals	\$81,255	\$256,948

WATER SUPPLY DISTRICT OF ACTON
Notes to the Basic Financial Statements - June 30, 2021

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS - continued

The deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$31,376	\$72,998
2023	31,376	72,745
2024	17,852	63,429
2025	651	47,776
Totals	\$81,255	\$256,948

Other Post-Employment Benefits (GASB 74)

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), replaces the requirements of Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2011, the District established an OPEB Trust Fund to provide funding for future employee health care costs. All the following OPEB disclosures are based on a measurement date of June 30, 2021.

A. Investments – The OPEB trust fund assets consist of an asset portfolio invested under the prudent investor management policy approved by the Commonwealth of Massachusetts.

Rate of return – For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 15.38%.

B. Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in this valuation (including mortality rates, the long-term expected rate of return and discount rate) are the same assumptions outlined in GASB 75 disclosures above.

C. Net OPEB Liability – The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$1,154,355
Plan fiduciary net position	1,460,425
Net OPEB liability (asset)	(\$306,069)
Plan fiduciary net position as a % of the total OPEB liability	126.51%

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point higher or one percentage-point lower than the current discount rate:

	1% Increase to 8.0%	Current Discount Rate 7.0%	1% Decrease to 6.0%
Net OPEB liability (asset)	(\$419,306)	(\$306,069)	(\$171,714)

E. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are one percentage-point higher or one percentage-point lower than the current healthcare cost trend rates:

	1% Increase	Current Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	(\$150,627)	(\$306,069)	(\$434,496)

WATER SUPPLY DISTRICT OF ACTON
Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2021

PENSION PLAN SCHEDULES

District's Share of Net Pension Liability (NPL) of Middlesex County Retirement System (MCRS):

Date	District's proportion of the MCRS NPL	District's percentage share of the MCRS NPL	District's covered payroll	District's NPL as a % of its covered payroll	MCRS fiduciary net position as a % of its total pension liability
12/31/20	\$3,548,184	0.231742%	\$1,275,867	278.10%	49.45%
12/31/19	\$3,732,674	0.233284%	\$1,225,561	304.57%	49.45%
12/31/18	\$3,740,627	0.239866%	\$1,188,771	314.66%	46.40%
12/31/17	\$3,370,594	0.237502%	\$1,141,452	295.29%	49.27%
12/31/16	\$3,319,310	0.234277%	\$1,136,133	292.16%	45.49%
12/31/15	\$2,784,648	0.215861%	\$1,013,745	274.69%	46.13%
12/31/14	\$2,562,079	0.213273%	\$974,755	262.84%	47.65%

District's Contributions to the Middlesex County Retirement System:

Fiscal Year Ended	Date of actuarial valuation	Actuarially determined contribution	Contributions made in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a % of covered payroll
6/30/21	1/1/20	\$256,971	\$256,971	----	\$1,275,867	20.14%
6/30/20	1/1/20	\$243,164	\$243,164	----	\$1,225,561	19.84%
6/30/19	1/1/18	\$218,063	\$218,063	----	\$1,188,771	18.34%
6/30/18	1/1/18	\$203,213	\$203,213	----	\$1,141,452	17.80%
6/30/17	1/1/16	\$177,725	\$177,725	----	\$1,136,133	15.64%
6/30/16	1/1/16	\$165,791	\$165,791	----	\$1,013,745	16.35%
6/30/15	1/1/14	\$133,367	\$133,367	----	\$974,755	13.68%

The two schedules above are intended to present information for ten years. Until a ten-year period is available, information is presented for those years for which information is available.

See notes to required supplementary information

NOTE A – PENSION PLAN – CHANGES IN ASSUMPTIONS AND PLAN PROVISIONS

The following assumption changes were reflected in the January 1, 2020 actuarial valuation:

- None

The following plan provision changes were reflected in the January 1, 2020 actuarial valuation:

- None

WATER SUPPLY DISTRICT OF ACTON
Required Supplemental Information and Notes to Required Supplemental Information - June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios	6/30/21	6/30/20	6/30/19	6/30/18
<i>Total OPEB Liability</i>				
Service Cost	\$24,147	\$22,376	\$19,350	\$18,605
Interest on Total OPEB Liability	75,789	82,041	78,986	73,230
Differences Between Expected & Actual Experience		(60,438)		33,670
Changes of Assumptions and Other Inputs		(66,514)		18,838
Benefit Payments	(56,551)	(76,922)	(84,498)	(80,182)
Other Changes		(46)	26,014	20,229
Net Change in Total OPEB Liability	43,384	(99,503)	39,852	84,390
Total OPEB Liability Beginning of Year	1,110,971	1,210,474	1,170,622	1,086,232
Total OPEB Liability End of Year	\$1,154,355	\$1,110,971	\$1,210,474	\$1,170,622
<i>Plan Fiduciary Net Position</i>				
Employer Contributions	\$0	\$0	\$100,000	\$100,000
Net Investment Income	254,957	56,730	82,326	56,999
Difference Between Expected & Actual Experience	161,339	(20,369)	12,767	0
Administrative Expenses	(7,188)	(6,238)	(5,057)	(4,348)
Other Changes	(161,339)	20,369	(2,654)	2,238
Net Change in Plan Fiduciary Net Position	247,769	50,491	187,382	154,889
Plan Fiduciary Net Position Beginning of Year	1,212,655	1,162,163	974,781	819,891
Plan Fiduciary Net Position End of Year	\$1,460,425	\$1,212,655	\$1,162,163	\$974,781
<i>Net OPEB Liability (Asset)</i>	<i>(\$306,069)</i>	<i>(\$101,684)</i>	<i>\$48,311</i>	<i>\$195,841</i>
Plan Net Position as a % of the Total OPEB Liability	126.51%	106.15%	96.01%	83.27%
Covered Employee Payroll	\$1,317,826	\$1,249,659	\$1,230,570	\$1,191,141
Net OPEB Liability as a % of Covered Employee Payroll	n/a	n/a	3.93%	16.44%

Schedule of Investment Returns	6/30/21	6/30/20	6/30/19	6/30/18
Annual money-weighted rate of return, net of investment expenses	15.38%	7.48%	8.53%	6.31%

The two schedules above are intended to present information for ten years. Until a ten-year period is available, information is presented for those years for which information is available. See notes to the District's financial statements for summary of significant actuarial methods and assumptions.

WATER SUPPLY DISTRICT OF ACTON					Page 23
Supplemental Schedule of Governmental Fund Balance - Capital Projects Activity					
For the Year Ended June 30, 2021					
	<i>Beginning</i>	<i>Transfers</i>	<i>Debt</i>	<i>Payments</i>	<i>Ending</i>
	<i>Balance</i>	<i>(To) From</i>	<i>Borrowed</i>	<i>Made</i>	<i>Balance</i>
	<i>06/30/20</i>	<i>General Fund</i>	<i>(Paid)</i>		<i>06/30/21</i>
Clean Rehab Wells 19	75,000	\$75,000		135,039	14,961
Easements Conant II	50,000	(28,375)		4,125	17,500
Eminent Domain Main Street	19,519				19,519
Engineering NAWTP 12	532	(532)			0
Flagg Hill Tank Repairs 12	3,504				3,504
Marshall Well Replacement	54				54
Media Replacement	1,734	65,000		0	66,734
New Vehicle	100,000	60,000		99,535	60,465
Replace NAWTP Filter Cart	17,400			17,400	0
Replace Old Mains	35,637	30,000		43,928	21,709
Residuals Management 17	16,638			1,125	15,513
Residuals Management Eng	10,075	(10,075)			0
Storage Tank Repairs	60,766			60,691	75
Water Main Emergency	62,115	30,000		73,051	19,064
Water Main Improvements	223,488	500,000		15,998	707,490
Well Exploration/Permit	100,000			100,000	0
CAWTP State Revolving Funds			7,892,030	7,892,030	0
<i>Total General Fund</i>	<i>\$776,462</i>	<i>\$721,018</i>	<i>\$7,892,030</i>	<i>\$8,442,922</i>	<i>\$946,588</i>
Assabet III-(Grace)		1,000,000			1,000,000
<i>Total Grace Fund</i>		<i>1,000,000</i>			<i>1,000,000</i>

Minutes of May 5, 2021 Annual District Meeting

Held at the Acton Water District
693 Massachusetts Avenue
Acton, MA
6:00 PM

- Article 1.** To fix the salaries of the elected officials.
Unanimously approved.
- Article 2.** To accept the reports of the Commissioners, the Treasurer and other officers of the District.
Unanimously approved.
- Article 3.** To see if the District will authorize the Treasurer, with the approval of the Commissioners, to borrow in anticipation of the revenue of the fiscal year beginning July 1, 2021, in accordance with the provisions of General Laws, Chapter 44, Section 4, and to renew any note or notes as may be given for a period of less than one year, in accordance with the provisions of the General Laws, Chapter 44, Section 17.
Unanimously approved.
- Article 4.** To see if the District will vote to raise and appropriate the sum of \$5,825,107, the Fiscal 2022 budget as printed in the annual report, to defray the usual expenses of the District.
Unanimously approved.
- Article 5.** To see if the District will vote, pursuant to Massachusetts General Laws c.44, §53E½, to establish a \$100,000 limitation on expenditures from the revolving fund captioned "District Revolving Fund for Mitigation."
Unanimously approved.
- Article 6.** To see if the District will vote to transfer from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$125,000 for the maintenance and repair of the various treatment facilities including, but not limited to, media replacement in the filtration tanks, aeration tower repair, and replacement of packing material.
Unanimously approved by 2/3 vote.
- Article 7.** To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$75,000 to clean and rehabilitate existing wells throughout the District.
Unanimously approved.
- Article 8.** To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$30,000 for the purpose of

replacing old water mains, renewing old water services, replacing old fire hydrants.
Unanimously approved.

Article 9. To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$30,000 for the purpose of repairing emergency water main breaks.

Unanimously approved.

Article 10. To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$65,000 for the replacement of the granular activated carbon media at the Clapp and Whitcomb well sites on Massachusetts Avenue in Acton.

Unanimously approved.

Article 11. To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$100,000 for the management of the North Acton Water Treatment Plant filtration residuals.

Unanimously approved.

Article 12. To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$60,000 for the purchase of two general service vehicles and to authorize the sale or trade District's 2010 Ford Ranger pickup and the 2012 Ford Escape Sport Utility Vehicle.

Unanimously approved.

Article 12. Amendment was made by Norm Strahle of 54 Alcott Street.
To see if the District will vote to approve that prior to purchase of any vehicle, the Acton Water District must assess the total cost of ownership (TCO) of a gasoline vehicle versus the TCO of a comparable electric or plug in hybrid vehicle.

Unanimously approved.

Article 13. To see if the District will vote to transfer from Surplus Revenue, pending free cash certification by the Department of Revenue, the sum of \$500,000 for improvements to the District's water system and water mains in Acton.

Unanimously approved.

Article 14. To see if the District will vote to transfer from Grace Stabilization Fund (W.R. Grace settlement) the sum of \$1,000,000 for the engineering, design, construction and permitting associated with the Assabet #3 well. Motion was made to amend the article to \$1,000,000. The motion was unanimously approved.

Unanimously approved by a 2/3^d vote.

Article 15. To see if the District will vote to authorize the Treasurer, with the approval of the Commissioners to transfer to Surplus Revenue the following unexpended balances remaining after the completion of projects authorized by vote of the District or to take any other action relative thereto:

A. Unissued balance in the sum of \$10,075.00, Article 16 of the Annual Meeting of March 16, 2016 for Residuals Management Study;

B. Unissued balance in the sum of \$28,375.00, Article 17 of the Annual Meeting of June 8, 2020 for acquisition of easements for project upgrades and infrastructure work at the Conant II well site;

C. Unissued balance in the sum of \$532.06, Article 16 of the Annual Meeting of March 21, 2012 for engineering costs for the North Acton Treatment Plant.

Unanimously approved.

Motion to dissolve the meeting at 6:57 PM was seconded and unanimously approved.

Water District Organization

ELECTED OFFICIALS

Commissioners	Barry Rosen	Term Expires 2022
	Stephen C. Stuntz	Term Expires 2023
	Erika Amir-Lin	Term Expires 2024
District Clerk	William T. Stanford	Term Expires 2023
District Moderator	William Mullin	Term Expires 2024

APPOINTED OFFICIALS

Finance Committee	Ronald Parenti	Term Expires 2022
	Charles Bradley	Term Expires 2023
	William Guthlein	Term Expires 2024
District Manager	Christopher D. Allen	Contract Expires 2023
Treasurer/Collector	Mary J. Bates	Term Expires 2022
District Counsel	Mary Bassett	Term Expires 2022
District Assistant Clerk	Helen F. Argento	Term Expires 2022
Commissioners Secretary	Lynn Protasowicki	Term Expires 2022

Water Land Management Advisory Committee	Paul Malchodi
	Charles Olmstead
	John Cipar

Water District Staff	Matthew L. Mostoller	Environmental Manager
	Robert Murch	MIS Coordinator
	Julia Hawkins	A/P Bookkeeper/Secretary
	Elizabeth Secinaro	A/R Bookkeeper/Secretary
	Charles Rouleau	Water Operations Administrator
	Andrew Peterson	Foreman
	Robert P. Dionne, Jr.	Assistant Foreman
	James Trippier	Operator/Treatment
	Keith Kupfer	Operator/Distribution
	Matthew Walsh	Operator/Treatment
	Joshua Richard	Operator/Distribution
	Nicholas Richard	Water Systems Laborer

Acton Water



Water Supply District of Acton

P.O. Box 953

Acton, MA 01720

OUTDOOR WATER USE RESTRICTIONS EFFECTIVE UNTIL FURTHER NOTICE

Due to reduced production capacity resulting from the presence of per- and polyfluoroalkyl substances (PFAS), the District will be modifying its outdoor water use restrictions. These restrictions are subject to change to reflect current conditions. Please visit our website at

www.actonwater.com/conservation/outdoor-water-restrictions for a map of water use days and updates throughout the year.

- **Lawn Watering, 1 day per week, before 7 am and after 7pm** (watering mid-day wastes water to evaporation).
 - **Tuesday: North Acton** – North of Brook Street including Great Road from Brook Street to Littleton line
 - **Wednesday: Acton Center/East Acton** – North of Route 2 to South of Brook Street (562 Main Street follows this schedule) including Pope Road and Great Road to Concord line
 - **Thursday: West Acton** – South of Route 2 and West of Main Street (even side of Main Street follows this schedule)
 - **Friday: South Acton** – South of Route 2 and East of Main Street (odd side of Main Street follows this schedule)
- All other outdoor water uses (gardens, pool filling, vehicle washing, power washing, dust control, etc.) will follow odd/even restrictions. Even addresses may use water outdoors Tuesday, Thursday, Saturday and odd addresses may use water outdoors Wednesday, Friday, and Sunday.
- No outdoor usage will be allowed on Mondays.

The Monday restriction will give our storage tanks a chance to recover after the weekend. Maintenance of adequate tank levels is critical to serving both our domestic needs, as well as providing fire protection, if needed.